

**ANNUAL REPORT
CHECKLIST**

**for
FISCAL YEAR ENDED:
2015**

PROVIDER: O'Connor Woods Housing Corporation
FACILITY(IES): O'Connor Woods
CONTACT PERSON: Eduard Boogaard
TELEPHONE NO.: (916) 334-0810

Your complete annual report must consist of **2 copies** of all of the following:

- ☒ This cover sheet.
- ☒ Annual Provider Fee in the amount of: \$ 1,243.00
- ☒ Certification by the provider's chief *executive* officer that:
 - ☐ The reports are correct to the best of his/her knowledge.
 - ☐ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☐ The provider is maintaining the required liquid reserve and refund reserve , if applicable.
- ☒ Evidence of the provider's fidelity bond.
- ☒ The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- ☒ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community.

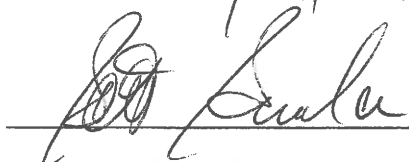
CERTIFICATION BY CHIEF EXECUTIVE OFFICER

As required by the Continuing Care Contract Statutes, I hereby certify that:

- The annual reserve reports and any amendments thereto are correct to the best of my knowledge.
- Each continuing care contract form in use or offered to new residents has been approved by the Department.
- As of the date of my certification, the provider is maintaining the required liquid reserve and, if applicable, the required refund reserve.

Dated: _____

4/26/2016

 _____

Scot Sinclair, Executive Director



CERTIFICATE OF PROPERTY INSURANCE

JPARSONS

DATE (MM/DD/YYYY)

12/18/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER License # 0797015

Lewis & Assoc. Ins. Brokers, Inc.
700 W. Center Avenue
Visalia, CA 93291

CONTACT NAME: Julia Parsons, CIC, CPIW, CISR

PHONE (A/C, No, Ext): (559) 733-7272

FAX (A/C, No): (559) 733-5612

E-MAIL ADDRESS: Juliap@since1927.com

PRODUCER CUSTOMER ID: OCONWOO-02

INSURED

O'Connor Woods Housing Corp.
3400 Wagner Heights Rd.
Stockton, CA 95209-4885

INSURER(S) AFFORDING COVERAGE

INSURER A: GuideOne Insurance

NAIC #

15032

INSURER B: Ironshore Specialty Ins. Co

25445

INSURER C: Lloyds of London

INSURER D:

INSURER E:

INSURER F:

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
0 0 3400 Wagner Heights Rd., Stockton, CA

All property at 3400 Wagner Heights Rd., Stockton, CA and per Statement of Values on file with companies shown.

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
<input checked="" type="checkbox"/>	PROPERTY					
A	CAUSES OF LOSS DEDUCTIBLES	1268271	12/01/2015	12/01/2016	BUILDING	\$
	BASIC BUILDING				PERSONAL PROPERTY	\$
	BROAD CONTENTS	5,000			BUSINESS INCOME	\$
<input checked="" type="checkbox"/>	SPECIAL	5,000			EXTRA EXPENSE	\$
	EARTHQUAKE				RENTAL VALUE	\$
	WIND				BLANKET BUILDING	\$
	FLOOD				BLANKET PERS PROP	\$
<input checked="" type="checkbox"/>	Repl. Cost				BLANKET BLDG & PP	\$
<input checked="" type="checkbox"/>	Agreed Amount				X Bikt Real/Pers Prop.	\$ 71,473,900
<input checked="" type="checkbox"/>	INLAND MARINE	TYPE OF POLICY			X Bikt BI/EE/Rents	\$ 26,000,000
A	CAUSES OF LOSS	Inland Marine	12/01/2015	12/01/2016	X Maint. Equipment	\$ 100,000
	NAMED PERILS	POLICY NUMBER			X EDP Equipment	\$ 250,000
<input checked="" type="checkbox"/>	All Risks	1268271				\$
<input checked="" type="checkbox"/>	CRIME					\$
B	TYPE OF POLICY	001368903	06/15/2015	06/15/2016	X Bikt Fidelity/Dishonest	\$ 4,800,000
	Blanket Fidelity				X Fidelity Deductible	\$ 25,000
A	<input checked="" type="checkbox"/> BOILER & MACHINERY / EQUIPMENT BREAKDOWN	1268271	12/01/2015	12/01/2016	X Boiler/Machinery	\$ 71,473,900
					X Full property limit	\$
C	DIC EQ & FLOOD	04-7500086862-S-00	12/18/2015	12/18/2016	X Earthquake/Flood	\$ 25,000,000
						\$

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER

CANCELLATION

Verification of Insurance

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

J. Parsons



AGENCY CUSTOMER ID: OCONWOO-02

JPARSONS

LOC #: 0

ADDITIONAL REMARKS SCHEDULE

Page 1 of 1

AGENCY Lewis & Assoc. Ins. Brokers, Inc.		License # 0797015	NAMED INSURED O'Connor Woods Housing Corp. 3400 Wagner Heights Rd. Stockton, CA 95209-4885
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

Description of Property:

All property at 3400 Wagner Heights Rd., Stockton, CA and per Statement of Values on file with companies shown.

Certificate holder is named as Mortgagee and Loss Payable as respects this property.

jp/12/18/15

RECEIVED
MAY 02 2016

CONTINUING CARE
CONTRACTS BRANCH



Report of Independent Auditors and
Financial Statements

**O'Connor Woods Housing
Corporation**

December 31, 2015 and 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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MAY 02 2016

CONTINUING CARE
CONTRACTS BRANCH

REPORT OF INDEPENDENT AUDITORS

To the Board of Trustees
O'Connor Woods Housing Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of O'Connor Woods Housing Corporation, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with auditing standards generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of O'Connor Woods Housing Corporation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Francisco, California
April 21, 2016

FINANCIAL STATEMENTS

O'CONNOR WOODS HOUSING CORPORATION
BALANCE SHEETS
December 31, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,541	\$ 2,546
Investments	9,832	10,105
Tenant and patient receivables, net of allowance for doubtful accounts of \$121 in 2015 and \$60 in 2014	1,535	1,822
Other receivables	665	444
Prepaid expenses and deposits	564	644
Debt service reserves, current	<u>4,357</u>	<u>5,342</u>
Total current assets	18,494	20,903
ASSETS LIMITED AS TO USE, net of current portion		
Debt service reserves, net of current portion	3,311	3,272
Donor-restricted cash and investments	<u>1,181</u>	<u>781</u>
Total assets limited as to use, net of current portion	4,492	4,053
PROPERTY AND EQUIPMENT, net	54,750	53,649
OTHER ASSETS		
Investments - board-designated resident assistance fund	1,189	1,231
Deferred financing costs, net of accumulated amortization	2,627	2,832
Donor receivables	<u>-</u>	<u>13</u>
Total other assets	<u>3,816</u>	<u>4,076</u>
Total assets	<u><u>\$ 81,552</u></u>	<u><u>\$ 82,681</u></u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION
BALANCE SHEETS (CONTINUED)
December 31, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,044	\$ 3,322
Accrued payroll and payroll related expenses	1,080	1,056
Accrued interest expense	1,171	1,179
Current portion of long-term debt	1,075	1,080
Current portion of deferred entrance fees	35	13
Current portion of refundable CCRC contracts	929	328
Deferred rent and tenant deposits	857	939
Total current liabilities	<u>6,191</u>	<u>7,917</u>
NON-CURRENT LIABILITIES		
Deferred entrance fees, net of current portion	215	78
Refundable CCRC contracts, net of current portion	2,437	835
Bond rebate liability	1,020	1,020
Other long-term liabilities	26	-
Long-term debt, net of current portion	49,620	50,697
Total noncurrent liabilities	<u>53,318</u>	<u>52,630</u>
Total liabilities	<u>59,509</u>	<u>60,547</u>
NET ASSETS		
Unrestricted	19,673	20,109
Unrestricted – board-designated resident assistance fund	1,189	1,231
Temporarily restricted	259	234
Permanently restricted	922	560
Total net assets	<u>22,043</u>	<u>22,134</u>
Total liabilities and net assets	<u>\$ 81,552</u>	<u>\$ 82,681</u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended December 31, 2015 and 2014
(in thousands)

	2015	2014
REVENUE AND OTHER SUPPORT		
Rental revenue, including amortization of CCRC entrance fees of \$265 in 2015 and \$3 in 2014	\$ 16,283	\$ 14,462
Net patient service revenue	13,321	13,208
Other revenue	563	560
Contributions	103	109
Net assets released from restrictions for operations	24	266
Total revenue and other support	<u>30,294</u>	<u>28,605</u>
EXPENSES		
Salaries and wages	11,556	10,341
Employee benefits	3,582	3,346
Professional fees	2,614	2,924
Supplies	2,056	1,773
Purchased services	1,238	1,371
Ancillary costs	790	636
Utilities	1,469	1,117
Insurance and other	890	867
Support services fees	562	472
Depreciation	3,274	2,955
Interest and amortization	2,331	2,391
Provision for uncollectible accounts	118	109
Total expenses	<u>30,480</u>	<u>28,302</u>
Operating (loss) income	(186)	303
NONOPERATING REVENUE (EXPENSES)		
Investment (loss) income	(292)	381
(Deficiency) excess of revenue and other support over expenses	<u>\$ (478)</u>	<u>\$ 684</u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)
Years Ended December 31, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
UNRESTRICTED NET ASSETS		
(Deficiency) excess of revenue and other support over expenses	\$ (478)	\$ 684
Change in unrestricted net assets	<u>(478)</u>	<u>684</u>
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	49	11
Investment income	-	3
Net assets released from restrictions for operations	<u>(24)</u>	<u>(266)</u>
Change in temporarily restricted net assets	<u>25</u>	<u>(252)</u>
PERMANENTLY RESTRICTED NET ASSETS		
Contributions	372	22
Charitable annuity trust valuation adjustment	<u>(10)</u>	<u>-</u>
Change in permanently restricted net assets	<u>362</u>	<u>22</u>
CHANGE IN NET ASSETS	<u>(91)</u>	<u>454</u>
NET ASSETS, beginning of year	<u>22,134</u>	<u>21,680</u>
NET ASSETS, end of year	<u><u>\$ 22,043</u></u>	<u><u>\$ 22,134</u></u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2015 and 2014
(in thousands)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from rental revenue	\$ 16,127	\$ 13,582
Cash receipts from sales of CCRC contracts	2,490	842
Cash receipts from patients	13,589	13,062
Cash receipts from other revenue	682	1,964
Cash payments for salaries and benefits	(15,109)	(16,131)
Cash payments for other operating expenses	(11,675)	(6,635)
Cash payments for interest	(2,353)	(2,359)
Net cash provided by operating activities	<u>3,751</u>	<u>4,325</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(8,118)	(8,276)
Proceeds from sale of investments	8,811	10,709
Purchase of property and equipment	(4,522)	(6,822)
Net cash used in investing activities	<u>(3,829)</u>	<u>(4,389)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	(867)	(367)
Refunded CCRC contracts	(81)	-
Change in donor-restricted cash and investments	21	(29)
Net cash used in financing activities	<u>(927)</u>	<u>(396)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(1,005)</u>	<u>(460)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>2,546</u>	<u>3,006</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>\$ 1,541</u></u>	<u><u>\$ 2,546</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Noncash investing activity during the year for property and equipment acquired through accounts payable	<u><u>\$ 343</u></u>	<u><u>\$ 490</u></u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION
STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2015 and 2014
(in thousands)

	<u>2015</u>	<u>2014</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED		
BY OPERATING ACTIVITIES:		
Change in net assets	\$ (91)	\$ 454
Adjustments to reconcile change in net assets		
to net cash provided by operating activities:		
Depreciation	3,274	2,955
Amortization of deferred financing costs	205	241
Amortization of bond premium	(215)	(253)
Amortization of CCRC entrance fees	(265)	(3)
Restricted contributions received	(421)	-
Net realized and unrealized losses (gains) on investments	568	(177)
Provision for uncollectible accounts	118	109
Changes in assets and liabilities:		
Tenant and patient receivables	169	(108)
Other receivables	(221)	(410)
Prepaid expenses and deposits	80	(314)
Donor receivables	13	260
Accounts payable and accrued expenses	(2,131)	565
Accrued payroll and payroll related expenses	24	(131)
Accrued interest expense	(8)	-
Deferred rent and tenant deposits	(82)	(120)
Other long-term liabilities	26	-
Deferred entrance fees	178	94
Refundable CCRC contracts	2,530	1,163
Net cash provided by operating activities	<u>\$ 3,751</u>	<u>\$ 4,325</u>

See accompanying notes.

O'CONNOR WOODS HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – In June 2014, O'Connor Woods Housing Corporation and O'Connor Woods Holding Company merged and became one Company as O'Connor Woods Housing Corporation. O'Connor Woods Housing Corporation (the "Corporation") is a California not-for-profit corporation. The Corporation is licensed by the State of California Department of Social Services Continuing Care Contracts Branch as a Continuing Care Retirement Community, and provides housing and other needs of the elderly in Stockton, California. It owns and operates a 249-unit residential retirement facility; a 37-unit assisted living facility (Garden Oaks); a 48-unit assisted living facility (Oak Creek); a 20-unit memory care facility (Laurel Pointe); and, a 100-unit skilled nursing facility (Meadowood Care Center).

A summary of significant accounting policies follows:

Cash and cash equivalents – For purposes of reporting in the statements of cash flows, the Corporation includes all highly liquid debt instruments purchased with an original maturity of three months or less, including money market funds, as cash and cash equivalents. The Organization periodically maintains cash deposits in excess of federally insured limits.

Assets limited as to use – Assets limited as to use include assets held by a trustee under a bond indenture agreement and assets restricted by donors. Assets limited as to use are reported at fair value. Amounts required to satisfy the obligations classified as current liabilities are reported as current assets in the accompanying balance sheets.

Accounts receivable – The Corporation provides services to residents including those that may lack adequate funds or may participate in programs that do not pay full charges. The Corporation receives payment for health services from residents, insurance companies, Medicare, HMOs, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts and providing appropriate allowances for uncollectible accounts. Tenant and patient accounts receivable are stated at the amount management expects to collect. The Corporation provides for estimated losses on accounts receivable based on prior bad debt experience and generally does not charge interest on past due balances. Past due status is based on the date of services provided. Receivables are charged off when they are deemed uncollectible. Recoveries from previously charged-off accounts are recorded when received.

Revenue recognition – The Corporation's patient service revenue is generated through the Meadowood Care Center skilled nursing facility. The Corporation generally does not require collateral or other security in extending credit to patients, however, the Corporation routinely obtains assignments of (or is otherwise entitled to receive) benefits receivable under health insurance programs, plans, or policies of patients, such as the Medicare government reimbursement program ("Medicare") and commercial insurance. Patient service revenue is recognized at the time the service is provided. A portion of the Corporation's revenue is subject to discounts under contracts with third-party payors.

Rental revenue generated through the assisted, memory care, and independent living facilities is recognized monthly in accordance with the rental agreements. Security deposits and advanced rent are recognized as liabilities until returned to tenants or otherwise earned.

The mix of receivables from patients and third-party payors is as follows:

	Years Ended December 31,	
	2015	2014
Medicare	31%	44%
Commercial and other	30%	35%
Medi-Cal	29%	12%
Self pay	10%	9%
	<u>100%</u>	<u>100%</u>

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

Property and equipment – Property and equipment are stated at cost. Donated property is recorded at its estimated fair value at the date of receipt. The cost of property and equipment purchased in excess of \$1,000 is capitalized. Depreciation on the property and equipment is computed principally using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Building and improvements	5 - 50
Land improvements	5 - 50
Furniture and equipment	3 - 20

Impairment of long-lived assets and long-lived assets to be disposed of – Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

Investments – Investments in equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) is included in the (deficiency) excess of revenue and other support over expenses.

Deferred financing costs and bond premiums – Deferred financing costs are amortized over the term of the related long-term debt using the effective interest method. Amortization expense for the years ended December 31, 2015 and 2014, was \$205,000 and \$241,000, respectively. Accumulated amortization totaled \$603,000 and \$397,000 as of December 31, 2015 and 2014, respectively. Bond premiums are netted against the long-term debt balance and are amortized over the life of the bonds using the effective interest method. The amortization of bond premium revenue was \$215,000 and \$253,000 for the years ended December 31, 2015 and 2014, respectively. Amortization of deferred financing costs and bond premiums is included as a component of interest and amortization in the accompanying statements of operations and changes in net assets.

Income taxes – The Corporation is recognized as not-for-profit under Internal Revenue Code Section 501(c)(3) and under Section 23701(d) of the state of California Revenue and Taxation Code. Accordingly, the Corporation is exempt from federal and California income taxes. The Corporation files United States federal and California state tax returns.

Donor restrictions and receivables – Contributions received for designated purposes are deposited and maintained in restricted cash accounts. Donor restricted contributions are reported as increases in temporarily restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations as net assets released from restrictions. Permanently restricted net assets represent donor restricted donations to the Corporation's resident assistance program. Uniform Prudent Management of Institutional Funds Act ("UPMIFA") requires preservation of the fair value of donor restricted donations as of the gift date of permanently restricted donations, absent explicit donor stipulations to the contrary. The Corporation classifies as permanently restricted net assets the original value of the donor restricted donations and accumulations to the permanently restricted fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The restrictions require the Corporation to maintain the donations in perpetuity, with investment income earned on the donations to be used to assist residents.

The Corporation reports gifts of property and equipment (or other long-lived assets) as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Promises to give are reported in donor receivables. Donor receivables also include receivables from a beneficial interest administered by St. Joseph's Foundation (the "Foundation") on behalf of the Corporation. Donors participating in the program donate assets that are held in investment at a financial institution. The earnings from the assets are available for the donor's use and the asset balance is bequeathed to the Corporation, through the Foundation, at the donor's death. The amount of the receivable recorded, \$0 and \$13,000 at December 31, 2015 and 2014, respectively, is based on the present value of future benefits expected from the program. The donated assets ultimately available under the program are not restricted.

O'CONNOR WOODS HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

Continuing Care Retirement Community (CCRC) contracts – The Corporation started to accept CCRC contracts in 2014. The entrance fees for CCRC contracts were paid by the initial resident of each housing unit upon entering into a continuing care residence and services agreement, and are recorded as deferred entrance fees (for the nonrefundable portion) and refundable CCRC contracts (for the refundable portion). The Corporation's continuing care residence and services agreements are either (i) amortizing contracts that have the right to a refund of the entrance fee, less 1/36 for each month of residency up to 36 months; or (ii) 90% refundable contracts, where 90% of the entrance fee is refundable upon termination of the contract, and the remaining 10% is nonrefundable and is amortized to revenue on a straight-line basis over the resident's life expectancy. At December 31, 2015 and 2014, the balance of deferred entrance fees was \$250,000 and \$91,000, respectively, and the balance of refundable CCRC contracts was \$3,366,000 and \$1,163,000, respectively.

Obligation to provide future services – Management annually calculates the present value of the net cost (difference between cost to operate and maintenance fees charged) of future services and use of the CCRC to be provided to current residents and compares the amount with the balance of deferred entrance fees and refundable CCRC contracts. If the present value of the net cost of future services and use of the CCRC exceeds the deferred entrance fees and refundable CCRC contracts, a liability and a corresponding charge to income are recorded. No liability was recorded at December 31, 2015 and 2014.

Bond rebate liability – Bond rebate liability consists of an estimated transfer proceeds adjustment liability incurred in connection with the retirement of the Series 1999 Refunding Revenue Bonds. The liability is payable in September 2017. The Series 2013 Insured Revenue Bonds reserve funds include funds set aside to be used to pay the liability.

Benevolence – The Corporation provides services to residents who meet certain criteria under its benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporation is entitled from public assistance programs on behalf of residents that meet the Corporation's benevolence criteria are reported as revenue. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue.

Estimates in the financial statements – In preparing financial statements in conformity with generally accepted accounting principles in the United States, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates include fair value measurements of investments, contractual and uncollectible accounts receivable, useful lives of fixed assets, deferred entrance fees, and future service benefit obligations.

(Deficiency) excess of revenue and other support over expenses – The statements of operations and changes in net assets include (deficiency) excess of revenue and other support over expenses. Changes in unrestricted net assets that are excluded from (deficiency) excess of revenue and other support over expenses include contributions of long-lived assets.

Fair value of financial instruments – The fair value of long-term debt at December 31, 2015 and 2014, is approximately \$54,600,000 and \$53,800,000, respectively. The amounts are estimated based upon a valuation of quoted prices of securities with similar characteristics. The long-term debt is classified as Level 2 in the fair value hierarchy.

Recent accounting pronouncements – In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40)*. The amendment in this update provides guidance in generally accepted accounting principles ("GAAP") about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. In connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). ASU No. 2014-15 is effective for the Corporation in the fiscal year ending December 31, 2016. It is not anticipated that ASU No. 2014-15 will have an impact on the Corporation's financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30)*. The amendment in this update requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. ASU No. 2015-03 is effective for the Corporation in the fiscal year ending December 31, 2016. It is not anticipated that ASU No. 2015-03 will have a material impact on the Corporation's financial statements.

O'CONNOR WOODS HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, a consensus of the Emerging Issue Task Force. Pursuant to ASU No. 2015-07, investments for which fair value is measured at net asset value, or its equivalent, using the practical expedient will no longer be categorized in the fair value hierarchy. Removing such investments from the fair value hierarchy thereby ensures that all investments categorized in the fair value hierarchy are classified using a consistent approach. ASU No. 2015-07 also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value practical expedient. Instead, such disclosures are limited to investments for which the entity has elected to estimate the fair value using the practical expedient. ASU No. 2015-07 is effective in the annual periods beginning after December 15, 2016, with earlier adoption permitted. ASU No. 2015-07 should be applied retrospectively to all prior periods presented. The Corporation is currently evaluating the impact of the ASU No. 2015-07 on the Corporation's financial statements.

Reclassifications – Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 presentation. These reclassifications had no material effect on the reported results of operations. Assets limited as to use available for project cost reimbursements, previously classified as noncurrent, are now classified as current. The project fund amounts are available to reimburse unrestricted cash used for project costs already incurred and recorded in property and equipment in the accompanying balance sheets, and are therefore considered current assets. Certain monthly revenues from assisted living and memory care residents, previously classified as other revenue, are now classified as rental revenue. Contract labor expenses, previously classified as salaries and benefits, are now classified as professional fees. Additional expense classifications have been introduced and balances have been reclassified as appropriate. These changes in classification did not materially affect previously reported statements of cash flows.

NOTE 2 – ASSETS LIMITED AS TO USE

The composition of assets limited as to use, stated at fair value, is set forth below (in thousands):

	December 31,	
	2015	2014
Required under bond indenture for principal, interest, and reserves:		
Cash and cash equivalents	\$ 2,400	\$ 2,203
Debt securities	2,952	3,099
	5,352	5,302
Required under bond indenture for project expenditures:		
Cash and cash equivalents	2,316	3,312
Donor-restricted assets:		
Cash and cash equivalents	162	240
Certificates of deposit	410	350
Debt securities	105	109
Mutual funds	504	82
	1,181	781
	8,849	9,395
	(4,357)	(5,342)
Less current portion	\$ 4,492	\$ 4,053

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INVESTMENTS

Investments include general-use and board-designated investments, and consist of the following (in thousands):

	December 31,	
	2015	2014
Investments:		
Cash and cash equivalents	\$ 357	\$ 281
Debt securities	3,640	3,591
Mutual funds	1,929	1,956
Equity securities	3,906	4,277
	<u>9,832</u>	<u>10,105</u>
Board-designated resident assistance fund:		
Cash and cash equivalents	40	42
Debt securities	234	217
Mutual funds	445	455
Equity securities	470	517
	<u>1,189</u>	<u>1,231</u>
	<u>\$ 11,021</u>	<u>\$ 11,336</u>

Investment income, expenses, and realized and unrealized gains and losses for assets limited as to use, cash equivalents, and investments are comprised of the following (in thousands):

	Year Ended December 31, 2015		
	Assets limited as to use	Investments	Total
Investment income:			
Interest and dividend income	\$ 123	\$ 266	\$ 389
Realized losses on sales of securities	(59)	(151)	(210)
Unrealized losses on securities	(23)	(335)	(358)
	<u>41</u>	<u>(220)</u>	<u>(179)</u>
Less investment expenses	<u>-</u>	<u>(113)</u>	<u>(113)</u>
Total investment income (loss)	<u>41</u>	<u>(333)</u>	<u>(292)</u>
Less temporarily restricted investment income	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted investment income (loss)	<u>\$ 41</u>	<u>\$ (333)</u>	<u>\$ (292)</u>

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

Year Ended December 31, 2014			
	Assets limited as to use	Investments	Total
Investment income:			
Interest and dividend income	\$ 128	\$ 203	\$ 331
Realized gains on sales of securities	81	722	803
Unrealized gains (losses) on securities	13	(639)	(626)
	222	286	508
Less investment expenses	-	(124)	(124)
Total investment income	222	162	384
Less temporarily restricted investment income	-	(3)	(3)
Unrestricted investment income	\$ 222	\$ 159	\$ 381

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value within the fair value hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement, in its entirety.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

Marketable investment securities – Where quoted market prices are available in an active market, securities are classified within Level 1 of the hierarchy. If quoted market prices are not available, fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities include certificates of deposit, certain corporate asset-backed securities, and certain municipal and foreign government securities. In cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy and include private investment funds and other closely held investments.

Beneficial interest in Foundation – Beneficial interest in Foundation consists of cash and other assets received under irrevocable annuity contracts by the Foundation on the Corporation's behalf. These contracts guarantee a specified amount for the life of the donor or beneficiaries designated by the donor. The assets received are not commingled with the general assets of the Corporation. A reserve account has been established and invested in accordance with California statutes. Fair value is estimated using a discounted expected future cash flows model. Generally, inputs to this model, including expected future cash flows and discount rates, are not observable and beneficial interest in Foundation is classified within Level 3 of the hierarchy. The discount rates used range from 3.6% to 8.0%. Upon the death of the donor, the remaining funds revert to the Corporation and are taken into income. The beneficial interest in Foundation is included in donor receivables on the accompanying balance sheets. During the year ended December 31, 2014, the Corporation received full distribution of its beneficial interest in the Foundation.

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

The following tables present the fair value measurements of investments recognized in the accompanying balance sheets (in thousands):

Description	December 31, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and money market funds	\$ 5,275	\$ 5,275	\$ -	\$ -
Certificates of deposit	410	-	410	-
Common stocks	4,376	4,376	-	-
Mutual funds	2,878	2,878	-	-
US government agency securities	3,545	3,545	-	-
US government bonds/notes	1,921	1,921	-	-
Foreign government bonds/notes	57	-	57	-
Municipal bonds/notes	155	-	155	-
Corporate bonds/notes	1,118	1,118	-	-
Corporate asset-backed securities	135	-	135	-
Total	<u>\$ 19,870</u>	<u>\$ 19,113</u>	<u>\$ 757</u>	<u>\$ -</u>

Description	December 31, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments (including assets limited as to use):				
Cash and money market funds	\$ 6,078	\$ 6,078	\$ -	\$ -
Certificates of deposit	350	-	350	-
Common stocks	4,794	4,794	-	-
Mutual funds	2,493	2,493	-	-
US government agency securities	3,951	3,951	-	-
US government bonds/notes	1,789	1,789	-	-
Foreign government bonds/notes	42	-	42	-
Municipal bonds/notes	120	-	120	-
Corporate bonds/notes	1,114	1,114	-	-
Total	<u>\$ 20,731</u>	<u>\$ 20,219</u>	<u>\$ 512</u>	<u>\$ -</u>

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs:

	Beneficial Interest in Foundation
Balance, January 1, 2014	\$ 262,821
Distributions	<u>(262,821)</u>
Balance, December 31, 2014	<u>\$ -</u>

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following (in thousands):

	December 31,	
	2015	2014
Buildings and improvements	\$ 73,096	\$ 69,656
Furniture and equipment	7,571	7,321
Land improvements	3,130	3,079
	83,797	80,056
Less accumulated depreciation	(35,250)	(31,976)
	48,547	48,080
Land	4,325	4,325
Construction in progress	1,878	1,244
Property and equipment, net	<u>\$ 54,750</u>	<u>\$ 53,649</u>

NOTE 6 – LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	December 31,	
	2015	2014
Series 2013 Insured Revenue Bonds, principal due in annual installments and fixed interest due semi-annually. Interest ranges from 2.0% to 5.0%, final payment due in January 2043, secured by a first deed of trust on the property and equipment of the Corporation.	\$ 47,910	\$ 48,760
Capital lease with a finance company, monthly payments of \$2, with a final payment of \$7 due in November 2017. Interest rate is 6.03%. The lease is secured by an automobile.	35	52
	47,945	48,812
Bond issuance premium, net of accumulated amortization of \$631 and \$416 at December 31, 2015 and 2014, respectively.	2,750	2,965
	50,695	51,777
Less current portion	(1,075)	(1,080)
Noncurrent portion	<u>\$ 49,620</u>	<u>\$ 50,697</u>

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

Maturities of long-term debt are as follows for the years ending December 31 (in thousands):

	Bonds	Capital Lease	Total
2016	\$ 870	\$ 13	\$ 883
2017	890	22	912
2018	925	-	925
2019	955	-	955
2020	995	-	995
Thereafter	43,275	-	43,275
	<u>\$ 47,910</u>	<u>\$ 35</u>	<u>\$ 47,945</u>

Interest and amortization expense related to long-term debt for the years ended December 31, 2015 and 2014, comprises the following (in thousands):

	December 31,	
	2015	2014
Interest on bonds and leases	\$ 2,341	\$ 2,403
Amortization of bond premium	(215)	(253)
Amortization of debt issuance costs	205	241
Total	<u>\$ 2,331</u>	<u>\$ 2,391</u>

The Series 2013 Bonds are subject to restrictive covenants contained in a regulatory agreement. Under the regulatory agreement, the Corporation is required to maintain certain deposits with a trustee that are included in assets limited as to use. The regulatory agreement also, among other things, requires the Corporation to maintain a specified debt service coverage ratio, current ratio, and days cash on hand; places limits on the Corporation on the incurrence of additional long-term debt; and, requires the Corporation to report material adverse changes. Management believes the Corporation was in compliance with the various covenants as of and for the year ended December 31, 2015.

NOTE 7 - RISK MANAGEMENT

The Corporation's professional liability insurance is a claims-made policy. Under the policy, insurance premiums cover only those claims actually reported during the policy term. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims related to occurrences during their terms, but reported subsequent to their termination, may be uninsured. The deductible on the claims-made policy was \$1,000 as of December 31, 2015 and 2014.

Accounting principles generally accepted in the United States require that a health care facility disclose the estimated costs of malpractice claims in the period of the incident of malpractice if it is reasonably possible that liabilities may be incurred and losses can be reasonably estimated. Management is not aware of any pending claims that exceed the coverage limitations provided by the Corporation's policy. Based on the Corporation's historical claims experience, management believes that any unreported professional liability will not have a material adverse effect on the Corporation's financial position or results of operations.

The Corporation purchased its workers' compensation benefits under an insured group plan. A capital contribution deposit of \$110,000 and \$115,000 was held by the plan at December 31, 2015 and 2014, respectively.

NOTE 8 - ADMINISTRATIVE SERVICES AGREEMENTS

In 2014, the Corporation had a contractual agreement with St. Joseph's Medical Center ("SJMC"), an acute care hospital in Stockton, California, affiliated with Dignity Health, whereby SJMC provided administrative services for a fee and processed pass-through expenditures on behalf of the Corporation. Under the terms of the administrative services agreement, \$472,000, exclusive of pass-through activity, was recognized as expenses for services provided by SJMC and included in support services fees in the Corporation's accompanying statements of operations and changes in net assets for the year ended December 31, 2014.

O'CONNOR WOODS HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

Starting January 1, 2015, the Corporation has a contractual agreement with Eskaton Properties, Inc. ("EPI"), a not-for-profit corporation that provides administrative and support services for retirement housing communities, whereby EPI provides administrative services for a fee and processes pass-through expenditures on behalf of the Corporation. Under the terms of the administrative services agreement, \$562,000, exclusive of pass-through activity, was recognized as expenses for services provided by EPI and included in support services fees in the Corporation's accompanying statements of operations and changes in net assets for the year ended December 31, 2015.

NOTE 9 – EMPLOYEE BENEFIT PLAN

The Corporation sponsors a 403(b) retirement plan (the "Plan") covering substantially all employees. Employees are immediately eligible to participate in the Plan and defer compensation under the Plan provisions. Employee deferral amounts are subject to Internal Revenue Service annual limitations. The Plan provides for employer-matching contributions. Employees who are at least 21 years of age and have completed one year of service are generally eligible to participate in employer-matching contributions. The Corporation will match 33.33% of the employee's deferral for deferral amounts not exceeding 6% of the employee's annual compensation. Employees vest 100% in employer-matching contributions after completing three years of service. Employer contributions to the Plan for the years ended December 31, 2015 and 2014, were \$74,000 and \$118,000, respectively.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

The Corporation is involved in litigation arising in the normal course of business. While the outcome cannot be determined by the Corporation at this time, in the opinion of management, such litigation will be covered by the Corporation's insurance and the resolution of such will not have a material effect on the financial position or results of operations of the Corporation.

The Corporation is subject to many complex federal, state, and local laws and regulations. Compliance with these laws and regulations is subject to government review and interpretation and unknown or unasserted regulatory actions. Government activity, with respect to investigations and allegations regarding possible violations of these laws and regulations by health care providers, including those related to medical necessity, coding, and billing for services, has increased significantly. Violations of these laws can result in large fines and penalties, sanctions on providing future services, and repayment of past patient service revenues. Management believes any actions that may result from investigations of noncompliance with laws and regulations will not have a material effect on the Corporation's future financial position or results of operations.

NOTE 11 – HEALTH AND SAFETY CODE SECTION 1790(a)(3) DISCLOSURE

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code: no reserves are being accumulated for identified projects or contingencies.

NOTE 12 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the balance sheet date, but before financial statements are issued. The Corporation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Corporation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet, but arose after the balance sheet date and before the financial statements are issued.

The Corporation has evaluated subsequent events through April 21, 2016, which is the date the financial statements are issued.



Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

**O'Connor Woods Housing
Corporation**

December 31, 2015

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
O'Connor Woods Housing Corporation

We have audited the accompanying financial statements of O'Connor Woods Housing Corporation, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserve of O'Connor Woods Housing Corporation as of and for the year ended December 31, 2015, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by O'Connor Woods Housing Corporation on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Schedule to Form 5-4, Reconciliation to Audit Report, and Supplementary Schedule to Form 5-5, Reconciliation to Audit Report, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of O'Connor Woods Housing Corporation and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.



San Francisco, California
April 21, 2016

CONTINUING CARE LIQUID RESERVE SCHEDULES

O'CONNOR WOODS HOUSING CORPORATION
FORM 5-1
LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
Year Ended December 31, 2015

FORM 5-1
LONG TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR
(INCLUDING BALLOON DEBT)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (Columns (b) + (c) + (d))
1	10/16/2012	\$ 17,000	\$ 3,000		\$ 20,000
2	6/12/2013	850,000	2,350,000	-	3,200,000
3					
4					
5					
6					
7					
8					
TOTAL:		\$	2,353,000	\$ -	\$ 3,220,000

Provider: O'Connor Woods

NOTE: For column (b), do not include voluntary payments made to pay down principal.

(Transfer this amount to
Form 5-3, Line 1)

O'CONNOR WOODS HOUSING CORPORATION
FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
Year Ended December 31, 2015

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR
(INCLUDING BALLOON DEBT)

(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over Next 12 Months
1		\$	\$	-
2				
3				
4				
5				
6				
7				
8				
TOTAL:			\$	\$

Provider: O'Connor Woods

*(Transfer this amount to
Form 5-3, Line 2)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

O'CONNOR WOODS HOUSING CORPORATION
FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT
Year Ended December 31, 2015

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from 5-1 bottom of column (e)	
2	Total from 5-2 bottom of column (e)	\$ 3,220,000
3	Facility leasehold or rental payment paid by the provider during fiscal year (including related payments such as lease insurance)	
4	Total amount required for long-term debt reserve	\$ 3,220,000
Provider:	O'Connor Woods	

O'CONNOR WOODS HOUSING CORPORATION
FORM 5-4
CALCULATION OF NET OPERATING EXPENSES
Year Ended December 31, 2015

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	Total
1	Total operating expenses from financial statements		
2	Deductions:		\$ 30,480,000
	a. Interest paid on long-term debt (see instructions)	\$ 2,353,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 3,274,000	
	d. Amortization	\$ (10,000)	
	e. Revenues received during the fiscal year for services for persons who did not have a continuing care contract	\$ 21,209,000	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total deductions		\$ 26,826,000
4	Net operating expenses		\$ 3,654,000
5	Divide Line 4 by 365 and enter the result.		\$ 10,011
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 750,825

Provider: O'Connor Woods

O'CONNOR WOODS HOUSING CORPORATION
FORM 5-5
ANNUAL RESERVE CERTIFICATION
Year Ended December 31, 2015

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: O'Connor Woods Housing Corporation
Fiscal Year Ended: December 31, 2015

We have reviewed our Debt Service Reserve and Operating requirements as of, and for the period ended: December 31, 2015 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	Amount
[1] Debt service reserve amount	\$ 3,220,000
[2] Operating expense reserve amount	\$ 750,825
[3] Total liquid reserve amount	\$ 3,970,825

Qualifying assets sufficient to fulfill the above requirements are held as follows:

		Amount (market value at end of quarter)	
	Qualifying Asset Description	Debt Service Reserve	Operating Reserve
[4]	Cash and cash equivalents	\$ -	\$ 1,938,000
[5]	Investment securities	\$ -	\$ 3,874,000
[6]	Equity securities	\$ -	\$ 6,750,000
[7]	Unused/available lines of credit	\$ -	\$ -
[8]	Unused/available letters of credit	\$ -	\$ -
[9]	Debt service reserve	\$ 5,352,000	(Not Applicable)
[10]	Other:	\$ -	\$ -

(describe qualifying asset)

Total amount of qualifying assets
Listed for reserve obligation: [11]

Reserve obligation amount: [13]

Surplus/(deficiency): [15]

\$ 5,352,000	[12]	\$ 12,562,000
\$ 3,220,000	[14]	\$ 750,825
\$ 2,132,000	[16]	\$ 11,811,175

Signature

(Authorized Representative)

Executive Director

(Title)

Date: April 21, 2016

SUPPLEMENTARY SCHEDULES

O'CONNOR WOODS HOUSING CORPORATION
SUPPLEMENTARY SCHEDULE TO FORM 5-4
RECONCILIATION TO AUDIT REPORT
Year Ended December 31, 2015

Financial Statements Description

Rental revenue	\$ 16,283,000
Less rental revenues to contracted residents	<u>(8,958,000)</u>
Adjusted rental revenue	7,325,000
Net patient service revenue	13,321,000
Other revenue	<u>563,000</u>
Total noncontract revenue	<u>\$ 21,209,000</u>

O'CONNOR WOODS HOUSING CORPORATION
SUPPLEMENTARY SCHEDULE TO FORM 5-5
RECONCILIATION TO AUDIT REPORT
Year Ended December 31, 2015

<u>Financial Statements and Footnotes Description</u>		<u>Qualifying Asset Description (Form 5-5)</u>
Cash and cash equivalents	\$ 1,541,000	
Investment - cash and cash equivalents	357,000	
Board designated - cash and cash equivalents	<u>40,000</u>	
	1,938,000	Cash and cash equivalents
Investment - debt securities	3,640,000	
Board designated - debt securities	<u>234,000</u>	
	3,874,000	Investment securities
Investment - mutual funds	1,929,000	
Board designated - mutual funds	445,000	
Investment - equity securities	3,906,000	
Board designated - equity securities	<u>470,000</u>	
	<u>6,750,000</u>	Equity securities
Total qualifying assets as filed for operating reserve	<u>\$ 12,562,000</u>	
Debt service reserves	\$ 7,668,000	
Less: project funds	<u>(2,316,000)</u>	
Total qualifying assets as filed for debt service reserve	<u>\$ 5,352,000</u>	Debt service reserve
<u>Reconciliation to Audited Financial Statements</u>		
Cash and cash equivalents	\$ 1,541,000	
Investments	9,832,000	
Debt service reserves, current	4,357,000	
Debt service reserves, noncurrent	3,311,000	
Donor-restricted cash and investments	1,181,000	
Investments - board designated resident assistance fund	<u>1,189,000</u>	
	21,411,000	
Less: donor-restricted cash and investments	<u>(1,181,000)</u>	
Less: project funds	<u>(2,316,000)</u>	
	<u>\$ 17,914,000</u>	
Total qualifying assets as filed for operating reserve	\$ 12,562,000	
Total qualifying assets as filed for debt service reserve	<u>5,352,000</u>	
	<u>\$ 17,914,000</u>	

FORM 1-1
RESIDENT POPULATION

Continuing Care Residents

[1] Number at beginning of fiscal year	7
[2] Number at end of fiscal year	28
[3] Total Lines 1 and 2	35
[4] Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5] Mean number of continuing care residents	18

All Residents

[6] Number at beginning of fiscal year	384
[7] Number at end of fiscal year	392
[8] Total Lines 6 and 7	776
[9] Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10] Mean number of <i>all</i> residents	388
[11] Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (rounded to two decimal places).	0.05

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1] Total Operating Expenses (including depreciation and debt service-interest only)	30,480,000
[a] Depreciation	3,274,000
[b] Debt Service (Interest Only)	2,353,000
[2] Subtotal (add Line 1a and 1b)	5,627,000
[3] Subtract Line 2 from Line 1 and enter result	24,853,000
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.05
[5] Total Operating Expense of Continuing Care Residents (multiply Line 3 by Line 4)	1,243,000
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	1,243

PROVIDER: O'Connor Woods
COMMUNITY: O'Connor Woods

O'Connor Woods
Calculation of Nonresident Reimbursement
December 31, 2015

	Independent	Assisted	Skilled	Total
Contract Residents @ 12/31/14	7	-	-	7
Contract Residents @ 12/31/15	28	-	-	28
Total	35	-	-	35
Mean	18	-	-	18
 All Residents @ 12/31/14	 197	 99	 88	 384
All Residents @ 12/31/15	205	105	82	392
Total	402	204	170	776
Mean	201	102	85	388
 % Contract Residents to Total Residents	 8.71%	 0.00%	 0.00%	 4.51%
% Nonresidents to Total Residents	91.00%	100.00%	100.00%	95.49%

2015 OPERATING REVENUES

Assisted Living (Contract Residents)	-	
Assisted Living (Nonresidents)	7,325,000	
Less: Bad Debt Expense	-	
Net Assisted Living (Nonresidents)	7,325,000	
Total	7,325,000	
 Skilled Nursing (Contract Residents)	 -	
Skilled Nursing (Nonresidents)	13,320,000	
Less: Bad Debt Expense	-	
Net Skilled Nursing (Nonresidents)	13,320,000	
Total Skilled Nursing (without Bad Debt adj)	13,320,000	
 Total NonResidents Revenues	<u>20,645,000</u>	20,645,000

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	1,611 – 5,584	3,853 – 7,249	8,400 – 10,830

[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.00%	3.00%	3.00%
---	-------	-------	-------

☒ Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: 01/01/15
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.

☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.

☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: O'Connor Woods Housing Corporation
COMMUNITY: O'Connor Woods

ATTACHMENT TO FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
EXPLANATION FOR INCREASE IN MONTHLY SERVICE FEES

Monthly service fees were increased in 2015 by 3.00% to offset expected increases in costs for labor, food, supplies, contractor support, etc..

PROVIDER NAME: O'Connor Woods Housing Corporation
COMMUNITY NAME: O'Connor Woods

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: _____

FACILITY NAME: O'Connor Woods Housing Corporation

ADDRESS: 3400 Wagner Heights Road

ZIP CODE: 95209

PHONE: 209-477-4030

PROVIDER NAME: O'Connor Woods

FACILITY OPERATOR: O'Connor Woods

RELATED FACILITIES: N/A

RELIGIOUS AFFILIATION: N/A

YEAR # OF ☒ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 1.3

OPENED: 1990 ACRES: 34 STORY STORY ☐ OTHER: _____

MILES TO HOSPITAL: 7.3

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 4

APARTMENTS — 1 BDRM: 111

APARTMENTS — 2 BDRM: 106

COTTAGES/HOUSES: 30

RLU OCCUPANCY (%) AT YEAR END: 83.1%

HEALTH CARE

ASSISTED LIVING: 105

SKILLED NURSING: 100

SPECIAL CARE: _____

DESCRIPTION: > _____

TYPE OF OWNERSHIP: ☒ NOT-FOR-PROFIT ☐ FOR-PROFIT ACCREDITED?: ☐ YES ☒ NO BY: _____

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☒ ENTRANCE FEE ☒ FEE FOR SERVICE
(Check all that apply) ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☒ RENTAL

REFUND PROVISIONS: (Check all that apply) ☒ 90% ☐ 75% ☐ 50% ☐ FULLY AMORTIZED ☒ OTHER: Traditional

RANGE OF ENTRANCE FEES: \$ 65,000 - \$ 360,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: N/A

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER: _____

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > Resident Council President attends Board meetings.

> _____

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	HOUSEKEEPING (2 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (1/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER Greenhouse	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
O'Connor Woods

	<u>2013</u>	<u>2014</u>	<u>2015</u>
INCOME FROM ONGOING OPERATIONS			
OPERATING INCOME (excluding amortization of entrance fee income)	26,416	28,496	29,926
LESS OPERATING EXPENSES (excluding depreciation, amortization and interest)	21,732	22,956	24,875
NET INCOME FROM OPERATIONS	4,684	5,540	5,051
LESS INTEREST EXPENSE	2,370	2,403	2,341
PLUS CONTRIBUTIONS	1,678	109	103
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	1,144	381	(292)
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	5,137	3,627	2,521
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	-	965	2,362

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY
Fleet Financing	35,000	6.03%	Nov-12	Nov-17
2013 Bonds	47,910,000	2.0-5.0%	Jun-13	Jan-43
Total Secured Debt	47,945,000			

FINANCIAL RATIOS (see next page for ratio formulas)

	2003 CCAC Medians 50th percentile (optional)	<u>2013</u>	<u>2014</u>	<u>2015</u>
DEBT TO ASSET RATIO	41.50%	64.30%	61.32%	60.84%
OPERATING RATIO	102.94%	85.79%	88.65%	90.63%
DEBT SERVICE COVERAGE RATIO	2.64%	1.11	2.57	2.24
DAYS CASH-ON-HAND RATIO	201	180	200	168

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	<u>2013</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2015</u>	<u>%</u>
STUDIO	2,078	3.0%	2,130	2.5%	2,183	2.5%
ONE BEDROOM	3,256	3.0%	3,338	2.5%	3,204	-4.0%
TWO BEDROOM	3,988	3.0%	4,088	2.5%	4,114	0.6%
COTTAGE/HOUSE	5,161	1.0%	5,290	2.5%	5,508	4.1%
ASSISTED LIVING	4,740	1.0%	4,882	3.0%	4,957	1.5%
SKILLED NURSING	8,700	0.0%	8,700	0.0%	8,947	2.8%
SPECIAL CARE					6,000	

COMMENTS FROM PROVIDER:

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
FINANCIAL RATIO FORMULAS (in thousands)
O'Connor Woods

Long-Term Debt to Total Assets Ratio

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Long-Term Debt			52,397	51,777	50,695
Less: Current Portion			(367)	(1,080)	(1,075)
	-	-	52,030	50,697	49,620
Divided By:					
Total Assets			80,917	82,681	81,552
Long-Term Debt to Total Assets Ratios			64.30%	61.32%	60.84%

Operating Ratio

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Operating Expenses			26,531	28,302	30,480
Less: Depreciation & Amortization			(2,429)	(2,943)	(3,264)
	-	-	24,101	25,359	27,216
Divided By:					
Total Operating Revenues			28,094	28,605	30,294
Less: Amortization of Deferred Revenue			-	-	(265)
	-	-	28,094	28,605	30,029
Operating Ratio			85.79%	88.65%	90.63%

Debt Service Coverage Ratio

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Total Excess of Revenues over Expenses			(370)	684	(478)
Plus: Interest & amortization			2,512	2,391	2,331
Depreciation			2,287	2,955	3,274
Net Proceeds from Entrance Fees			-	965	2,362
Less: Amortization of Deferred Revenue			-	-	(265)
	-	-	4,429	6,995	7,224
Divided By:					
Annual Debt Service			4,000	2,726	3,220
Debt Service Coverage Ratio			1.11	2.57	2.24

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE WORKSHEET
 FINANCIAL RATIO FORMULAS (in thousands)
 ESKATON

Statement 4

Days Cash On Hand Ratio

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Cash & Cash Equivalents			3,006	2,546	1,541
Investments			8,899	11,336	11,021
Unrestricted Cash & Investments	-	-	11,905	13,882	12,562
Divided By:					
Operating Expenses			26,531	28,302	30,480
Less: Depreciation & Amortization			(2,429)	(2,943)	(3,264)
	-	-	24,101	25,359	27,216
Divided By:	365	366	365	365	365
Operating Expenses per Day	-	-	66.02	69.47	74.55
Days Cash On Hand Ratio			180	200	168

O'Connor Woods
Statement 4 Supporting Calculations
Consolidated \$000's

	2013	2014	2015
Rental Revenue	12,425	14,462	16,283
Net Patient service revenue	12,372	13,208	13,321
Less amort of entrance fees	-	-	(265)
Other	1,579	560	563
Net assets released from restrictions for operations	40	266	24
	26,416	28,496	29,926
Contributions	1,678	109	103
Income from ongoing operations	28,094	28,605	30,029
 Total expenses	 26,531	 28,302	 30,480
Less depreciation and amortization	(2,429)	(2,943)	(3,264)
Less Interest	(2,370)	(2,403)	(2,341)
Operating expenses	21,732	22,956	24,875
 Net income from operations	 6,362	 5,649	 5,154
 Interest expense	 (2,370)	 (2,403)	 (2,341)
Non Operating Income	1,144	381	(292)
 NI before entrance fees, depr and amort	 5,137	 3,627	 2,521

**O'Connor Woods Housing Corporation
O'CONNOR WOODS
ATTACHMENT TO DISCLOSURE WORKSHEET**

RESIDENT REPRESENTATIVE TO THE BOARD: The O'Connor Woods (OCW) Resident Council elects a representative to the OCW Board of Directors (CCRC Representative) to serve a two year term. The CCRC Representative attends the six bi-monthly board meetings of OCW, including the full agenda of the annual OCW Board Retreat. The CCRC Representative is excluded only from executive sessions of the OCW Board. The CCRC Representative reports OCW Board actions and discussions back to the OCW Resident Council on a bi-monthly basis.